

# Timber Sales

## A Planning Guide for Landowners

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### Introduction

*Learning from experience can be very expensive when it comes to timber sales, many of which are once- or twice-in-a-lifetime occurrences. Years of growth and value are accumulated in a mature timber stand, and the combined annual income from all those years is frequently marketed in a single transaction. When and how you sell your timber can influence how much money you make, your overall financial plans, the cost of forest regeneration, and other management objectives.*

*Too much is at stake for you to sell timber without an understanding of the markets and of the quality and quantity of your timber. There are no daily market price reports for standing timber (stumpage), nor are there any government support prices. Demand and price for many timber products fluctuate widely. Size, quality, and species of timber are also highly variable. Specialized knowledge is required to identify tree species and to estimate volume and value within standards accepted by local markets.*

*This publication offers tips on marketing and selling, timber terminology, examples of timber sale agreements, and advice on seeking professional help from a consulting forester. By using this information, you can make your next (or first) timber sale both a pleasant and a profitable experience.*

### Timber buying process

#### Before you sell your timber

Before you sell your timber you should consider these questions:

- How is timber bought and sold?
- What trees should I sell, and why?
- How soon must I market them?
- Are property and cutting boundaries well marked?
- What is the timber volume? (And which of three “log rules”—Doyle, Scribner, or International—

will be used to estimate the board-foot content of trees?)

- What is the growth rate?
- What is the fair market value of my timber?
- What is the current timber market price trend?
- Are the trees financially mature?
- Who and where are the appropriate timber buyers?
- What sale method should I use?
- Do I know my basis?
- How will the income be taxed?
- How should I reforest harvested areas?
- How can I get advice from a professional?

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### How timber is bought and sold

**Timber buying process.** The timber buying process involves a timber owner, a timber buyer, a logger, and a mill (manufacturer). The raw materials that supply the manufacturer are obtained through a network of buyers who purchase timber from private forest landowners. Buyers can work directly for a mill, for wood suppliers, for loggers, or for timber brokers. Buyers may be paid a salary or a commission, or they may receive part of the profits. Timber brokers buy and resell timber, making their income from profits.

**Timber selling methods.** Timber is sold either “per-unit” or “lump sum.” A per-unit sale is one in which the buyer and the seller negotiate a price per unit of harvested wood, and the buyer pays for the timber after it is cut and the volume is determined. Per-unit timber is sold either by product class or at a blended average price for all products. Product classes include poles and pilings, veneer or ply-logs, sawtimber, chip-n-saw, and pulpwood.